

Before the  
**COPYRIGHT ROYALTY JUDGES**  
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*In re*

**DISTRIBUTION OF CABLE  
ROYALTY FUNDS**

**DISTRIBUTION OF SATELLITE  
ROYALTY FUNDS**

**CONSOLIDATED DOCKET NO.  
14-CRB-0010-CD/SD  
(2010-13)**

**SETTLING DEVOTIONAL CLAIMANTS' OPPOSITION TO MULTIGROUP  
CLAIMANTS' SECOND MOTION FOR FINAL DISTRIBUTION OF 2010-2013  
SATELLITE ROYALTY FUNDS**

The Settling Devotional Claimants (“SDC”) oppose Multigroup Claimants’ Second Motion for Final Distribution of 2010-2013 Satellite Royalty Funds on the same grounds stated in the SDC’s opposition to Multigroup Claimants’ first motion: “[T]here are substantial unresolved issues concerning Multigroup Claimants’ identity and authority.” SDC’s Opposition to Multigroup Claimants’ Motion for Final Distribution of 2010-2013 Satellite Royalty Funds (Jan. 14, 2020). The Judges likewise have found that “the current record in this proceeding lacks clarity regarding the identity and ownership of the entity that calls itself Multigroup Claimants,” and have noted the SDC’s contention that “in statements filed with the bankruptcy court Mr. Galaz: (1) failed to disclose that he owned MGC within 4 years before he filed for bankruptcy; and (2) falsely claimed that Worldwide Subsidy Group was ‘inactive’ and that it was worth ‘\$0’ in fair market value ....” Order to Show Cause (Feb. 24, 2020) at 4 and 6. As the Judges have already ruled, “[Multigroup Claimants] may file another motion for final distribution *following* resolution of the claimant representation issues presented by the Judges’ *Order to Show Cause*.” *Id.* at 3 n. 1 (emphasis added). The issues presented by the Judges’ Order to Show Cause have

not yet been resolved. Therefore, Multigroup Claimants' motion is premature and is not compliant with the Judges' order denying its first motion.

Multigroup Claimants' identity, authority, and fitness as an agent have sunk only more deeply into doubt since the Judges issued their Order to Show Cause, as is discussed more extensively in the SDC's Further Briefing in Response to Multigroup Claimants' Response to Order to Show Cause (Mar. 16, 2020). As the Judges are aware, the U.S. Bankruptcy Court for the Northern District of Oklahoma has since reopened *In re Galaz*, No. 19-11098-R, the bankruptcy case filed by Alfred Galaz, the registered owner of the assumed business name "Multigroup Claimants" and the only party by the name of "Multigroup Claimants" that has properly appeared in this proceeding. The bankruptcy trustee (a statutory officer of the court under U.S. bankruptcy law, and not a "creditor" as Multigroup Claimants has inaccurately described him) has moved to intervene in this proceeding, and he has requested to delay any distribution to Multigroup Claimants for 60 days so that he can perform his duty under 11 U.S.C. § 704 to make a diligent inquiry into the financial affairs of the debtor.

The Judges should be aware that they may also have a statutory duty with respect to Alfred Galaz's bankruptcy case that may bear on the timing of any final distribution to Multigroup Claimants. The Judges now have knowledge in their judicial capacity that Alfred Galaz's bankruptcy petition falsely declares under penalty of perjury that he conveyed "Worldwide Subsidy" to Ruth Galaz on January 1, 2018, and that "Worldwide Subsidy" was then "inactive, \$0 FMV." *See* SDC's Further Briefing in Response to Multigroup Claimants' Response to Order to Show Cause (Mar. 16, 2020), Appendix ("App.") 114. The Judges also have knowledge in their judicial capacity that Alfred Galaz failed in his bankruptcy petition to disclose his purported interest in and conveyance of the assets of Multigroup Claimants within

the four years prior to the filing of his bankruptcy petition. App. 116. If made with the intent to deceive, these false statements under penalty of perjury constitute violations of 18 U.S.C. § 152(3), which prohibits the knowing and fraudulent making of a false declaration in relation to any bankruptcy case.

If the Judges have “reasonable grounds” to believe that a violation of 18 U.S.C. § 152(3) has occurred, then they have a statutory duty to make a report to the appropriate U.S. attorney’s office. “Any judge ... having reasonable grounds for believing that any violation under chapter 9 of this title [the bankruptcy chapter of the U.S. criminal code, including 18 U.S.C. § 152] or other laws of the United States relating to insolvent debtors, receiverships or reorganization plans has been committed ... *shall* report to the appropriate United States attorney all the facts and circumstances of the case, the names of the witnesses and the offense or offenses believed to have been committed.” 18 U.S.C. § 3057(a) (emphasis added). This statutory disclosure requirement resides in Title 18, the U.S. criminal code, and not in Title 11, the U.S. bankruptcy code. It is not restricted to judges in bankruptcy cases. In other sections of Title 18 relating to the powers and duties of specific “judges,” Congress specifies which “judges” are included within the scope of the statute. *See, e.g.*, 18 U.S.C. § 3041 (limiting power to order arrest to Article III judges, U.S. magistrate judges, and certain state court judges and other local magistrates). The reference to “judges” under 18 U.S.C. § 3057(a) is not similarly restricted.

The Judges are “judges” by federal statute. 17 U.S.C. § 801(a). (Indeed, the evolution of the Copyright Act, which elevated the status of the members of the adjudicative tribunal from a “Copyright Arbitration Royalty Panel” to the “Copyright Royalty Judges” in the Copyright Royalty and Distribution Reform Act of 2004, parallels the evolution of the Bankruptcy Code, which elevated the status of bankruptcy “referees” to “bankruptcy judges” in the Bankruptcy

Reform Act of 1978.) The Judges are therefore subject to the statutory duty of all judges under federal law to report “reasonable grounds” for believing that a violation of applicable criminal law with respect to a bankruptcy case has occurred.

“Reasonable grounds” to believe that a violation of law has occurred does not require a finding that a crime has been committed. Rather, “the standard of ‘reasonable grounds’ required to initiate an investigation should not be as stringent as that required to believe a crime has in fact been committed. Section 3057(a) specifically mandates action by the [judge] where there is reasonable grounds for belief that a violation of the bankruptcy laws has been committed or ‘that an investigation should be had.’” *In re Parr*, 13 B.R. 1010, 1021 (E.D.N.Y. 1981) (directing bankruptcy judge to order referral of “reasonable grounds” to U.S. attorney’s office as required by statute). Courts and agencies in other contexts similarly have held that a “reasonable grounds” standard is less stringent than “probable cause,” “preponderance of the evidence,” “prima facie proof,” or even “credible evidence.” See *In re Application of United States for Order Directing Provider of Electronic Communication Service to Disclose Records*, 620 F.3d 304, 314 (3rd Cir. 2010) (standard of “reasonable grounds to believe” is “an intermediate one that is less stringent than probable cause”); *Yusupov v. Attorney General*, 518 F.3d 185, 199 (3rd Cir. 2008) (affording *Chevron* deference to Attorney General’s conclusion that “‘reasonable grounds for regarding’ is substantially less stringent than preponderance of the evidence.”); *U.S. v. Daccarett*, 6 F.3d 37, 56 (2nd Cir. 1993) (“reasonable grounds” standard “can be less stringent than the typical ‘prima facie proof.’”); Contractor Business Ethics Compliance Program and Disclosure Requirements, Final Rule, 73 Fed. Reg. 67,064, 67,073 (Nov. 12, 2008) (replacing “reasonable grounds to believe” with “credible evidence” in Federal Acquisition Regulation requiring disclosure of “credible evidence” of potential criminal violations. “This term

[‘credible evidence’] indicates a *higher* standard” than “reasonable grounds to believe.”) (emphasis added).

As noted in prior pleadings, the SDC’s counsel concluded that he had a duty under Oklahoma law and by oath as an Oklahoma attorney to report any “falsehood ... done in Court” to an appropriate officer of the court, so that the falsehood “might be reformed.” *See, e.g., Fields v. Saunders*, 278 P.3d 577, 581 (Okla. 2012) (Oklahoma attorney “who has sworn to reform falsehoods done in court when the attorney has knowledge of such falsehoods” had duty under Okla. Stat., tit. 5, § 2, to report evidence of potential juror misconduct overheard in a bar, even when the attorney had no other connection to the case). The Judges may find that they have a comparable duty to report “reasonable grounds” for believing that a criminal violation has occurred with respect Alfred Galaz’s bankruptcy case or that an investigation should be had.

Because applicable caselaw holds that judges perform their duty under 18 U.S.C. § 3057(a) *sua sponte*, rather than on the motion of a party (*see In re Valentine*, 196 B.R. 386, 388 (Bankr. E.D. Mich. 1996)), the SDC do not move the Judges to make a report. Rather, the SDC bring the disclosure requirement to the Judges’ attention in case the Judges otherwise have not had reason to be familiar with the statute outside of the context of this (hopefully) highly unique case, and because any determination on this issue may affect the timing of any distribution to Multigroup Claimants.

### **Conclusion**

For the foregoing reasons, Multigroup Claimants’ second motion for final distribution should be denied.

Date: April 16, 2020

Respectfully submitted,

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### **Certificate of Service**

I certify that on April 16, 2020, I caused the foregoing to be served on all parties by filing through the eCRB system.

/s/ Matthew J. MacLean  
Matthew J. MacLean

# Proof of Delivery

I hereby certify that on Thursday, April 16, 2020, I provided a true and correct copy of the Opposition to Multigroup Claimants' Second Motion for Final Distribution of 2010-2013 Satellite Royalty Funds to the following:

Multigroup Claimants (MGC), represented by Brian D Boydston, served via ESERVICE at brianb@ix.netcom.com

MPA-Represented Program Suppliers (MPA), represented by Gregory O Olaniran, served via ESERVICE at goo@msk.com

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Signed: /s/ Matthew J MacLean